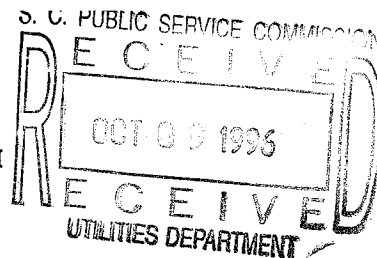


TESTIMONY OF CHARLES A. CREECH
FOR

THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 96-137-W/S

TEGA CAY WATER SERVICE, INC.



- 1 Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
2 OCCUPATION?
- 3 A. My name is Charles A. Creech and my business address is 111
4 Doctor's Circle, Columbia, South Carolina. I am employed by
5 the South Carolina Public Service Commission, Utilities
6 Department and have been so employed since July 1972.
- 7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING TEGA
8 CAY WATER SERVICE, INC.?
- 9 A. The purpose of my testimony is to set forth, in summary
10 form, the Staff's findings relative to the determination of
11 the amount of additional operating revenues that would
12 result from the implementation of the proposed schedules of
13 rates and, also, the results of Staff's field investigation
14 of service supplied by the Company.
- 15 Q. I SHOW YOU THE REPORT, ENTITLED, "COMMISSION STAFF REPORT,
16 TEGA CAY WATER SERVICE, INC., SOUTH CAROLINA PUBLIC SERVICE
17 COMMISSION, DOCKET NO. 96-137-W/S". ARE THE FINDINGS OF YOUR
18 REVIEW CONTAINED IN THIS REPORT?
- 19 A. Yes, they are contained under the Utilities Department tab.
- 20 Q. WOULD YOU PLEASE EXPLAIN HOW YOU COMPILED THE INFORMATION IN
21 YOUR REPORT?

1 A. By using the information provided by the Company in its
2 Application and the Company's response to Staff's Data
3 Request and an audit of the Company's books and records,
4 Staff was able to determine the amount of additional
5 operating revenues which would be produced by the proposed
6 rates.

7 Q. WOULD YOU PLEASE EXPLAIN EXHIBIT A OF YOUR REPORT?

8 A. Exhibit A, pages 1-14 of the report, is a summary of
9 The Staff's review of the Company's present and proposed
10 rates.

11 Q. WOULD YOU PLEASE EXPLAIN EXHIBIT B OF YOUR REPORT?

12 A. Exhibit B, on page 15 of the report, summarizes the effect of
13 the present and proposed rates on the Company's operating
14 revenue. Under the present rates approved for Tega Cay Water
15 Service, Inc., by Commission Order No. 93-766, dated August
16 27, 1993, in Docket No. 92-638-W/S, the Company's present
17 revenue for water is \$246,747 and \$432,327 for sewer.
18 Combined, the Company's present revenue is \$678,974. Using the
19 proposed rates, the Company would receive \$354,414 in water
20 revenue and \$552,304 in sewer revenue, for a total of
21 \$906,718. This would result in an increase of \$107,767 or
22 43.69% in water revenue and an increase of \$119,977 or 27.75%
23 in sewer revenue. Combined, the Company would receive an
24 increase of \$227,744 or 33.54% in revenue.

25 Q. WOULD YOU PLEASE EXPLAIN EXHIBIT C OF YOUR REPORT?

26 Exhibit C, on page 16, summarizes the effect of the proposed
27 rates and charges on a customer's average water and sewer
28 bill.

1 Q. WOULD YOU PLEASE EXPLAIN EXHIBIT D OF YOUR REPORT?

2 A. Exhibit D, pages 17-18 of the report, is the most recent
3 Utilities Department Business Office Compliance Review
4 Report conducted by the Staff for Tega Cay Water Service,
5 Inc. The Company maintains records and reports which are
6 available to its customers and to the Commission.

7 Q. WOULD YOU PLEASE EXPLAIN EXHIBIT E OF YOUR REPORT?

8 A. Exhibit E, pages 19-22, contains the results of Staff's
9 review of service provided by Tega Cay Water Service, Inc.

10 Q. WHAT IS STAFF'S CONCERN AS RELATED TO THE COMMODITY CHARGE
11 COMPONENT OF THE RATE DESIGN AS IT RELATES TO PURCHASED
12 WATER?

13 A. Staff feels that the water commodity charge billed to a
14 customer, when water is purchased on a bulk basis, should not
15 be a function of actual water used. Staff feels that a flat
16 rate charge should be approved, based on cost of service, for
17 the operation and maintenance of the lines and should be a
18 line item on the bill or in the alternative be reflected as
19 an increase in the existing basic facilities charge. In
20 Staff's opinion, the flat rate charged where water is
21 purchased would be a similar methodology as used by the
22 Commission in establishing the sewer collection fee where
23 wastewater is treated by another entity.

24 Q. WHAT IS STAFF'S POSITION REGARDING THE COMPANY WELL IN TEGA
25 CAY?

26 A. Staff feels that since Tega Cay Water Service purchases all
27 of its water from York County, the wells are not needed for
28 back-up.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.